Manitoba

Annual Report 1984 - 85

Manitoba Lotteries Foundation

Manitoba Lotteries Foundation

(As at March 31, 1985)

THE HONOURABLE EUGENE KOSTYRA
Minister Responsible for the Administration of
Manitoba Lotteries Foundation Act

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MANITOBA LOTTERIES FOUNDATION

830 EMPRESS STREET, WINNIPEG, MANITOBA R3G 3H3
TELEPHONE: (204) 945-3524

Honourable Judy Wasylycia-Leis
Minister Responsible for the
Manitoba Lotteries Foundation Act
Province of Manitoba

Madam;

I herewith present the Second Annual Report of the Manitoba Lotteries Foundation.

To the best of my knowledge this report is an accurate summary of the activities and accomplishments of the fiscal year ending March 31st, 1985.

Respectfully submitted,

L. Toms,
Chairperson

MANITOBA LOTTERIES FOUNDATION

830 EMPRESS STREET, WINNIPEG, MANITOBA R3G 3H3
TELEPHONE: (204) 945-3524

Ms. L. Toms
Chairperson
Manitoba Lotteries Foundation

Dear Ms. Toms;

I am honoured to present the Second Annual Report of the Manitoba Lotteries Foundation for the fiscal year ended March 31, 1985.

Operational highlights, comparisons, financial statements and the Report of the Provincial Auditor are provided in the following.

Respectfully submitted,

GARTH MANNESS
General Manager

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Chairperson's Report

In the fall of 1983 the Province of Manitoba began a planned re-organization of the gaming industry in Manitoba. Three goals were determined for the Manitoba Lotteries Foundation. These goals were:

— To provide public protection and fair play in lotteries in Manitoba;
— To maximize returns from lotteries through efficient operation of games, and;
— To provide for a fair distribution of lottery profits to charitable organizations throughout the Province.

1984-85 was the first full year of operation for the Manitoba Lotteries Foundation under the new system. Many changes were made in that period to meet the new goals. The results of these changes were positive.

1. Effective January 1st, 1984 the Manitoba Lotteries Foundation became the sole distributor of lottery tickets in Manitoba. Staff of the previous non-profit distributor, Western Lottery Manitoba Distributor Inc., were incorporated into the Manitoba Lotteries Foundation.

2. Effective January 1st, 1984 the Manitoba Lotteries Foundation became the sole operator of casinos in Manitoba. The Foundation established a permanent site at the Convention Centre for the operation of all Winnipeg casinos. It also became responsible for the operation of casinos outside the City of Winnipeg. A rural municipality is allowed a maximum of 5 casino days per year where financially viable. The proceeds must be shared among interested groups within the municipality.

3. Effective January 1st, 1984 the Manitoba Lotteries Foundation became the sole licensor of bingos in the Province of Manitoba. This removed licensing responsibility from municipalities and primarily ensures that all bingo activities throughout the Province are operated according to the same Terms and Conditions.

4. Effective June 1st, 1984 the Manitoba Lotteries Foundation became a distributor of breakopen tickets in Manitoba.

5. Effective June 1st, 1984 the Manitoba Lotteries Foundation assumed the operations of three Winnipeg bingo halls (then known as Buffalo, Bison and Keystone) to ensure that operating expenses were kept to a minimum and the proceeds to charitable organizations were maximized.

Under the new system gaming revenues accruing to the Foundation are distributed to community organizations through Umbrella Groups identified by the Province. Beginning in January of 1984 and working throughout the year, the Manitoba Lotteries Foundation negotiated with the umbrella groups. These discussions culminated in the signing of agreements that would ensure the fair and equitable distribution of gaming revenues.

1984-85 has proven to be a very successful year for the Manitoba Lotteries Foundation. The staff are to be congratulated for their efforts throughout the year to attain the goals set forth by the Province.

Lois Toms
Chairperson

General Manager's Report

Over $35 Million was generated through gaming operations in Manitoba during 1984-85. These funds were then distributed to organizations throughout the province by the Umbrella Groups and two departments of Government.

There was a significant increase in the sale of lottery tickets in 1984-1985 over previous years. Total sales in excess of $65 Million generated profits of $22,860,190.00, representing an increase of 45% from 1983-84. This resulted from the growing popularity of Lotto 6/49 and Lotto West and a 100% increase in sales of Instant tickets.

A special levy of 11% was placed on the sale of Breakopen tickets on June 1st of 1984. Through this means, over $8,689,000.00 was contributed to the gaming fund from the sale of Breakopen tickets in fiscal 1984-1985. This contribution was generated from a total sales of nearly $80,000,000.00 made through community organizations, veterans associations, community clubs, hotels and Manitoba Lotteries Foundation Bingo Halls.

Operations in the three Winnipeg bingo halls generated profits in excess of $2,800,000.00 in the ten-month period from June 1st, 1984 to March 31st, 1985. These profits plus an $800,000.00 contribution to the Gaming Fund from the sale of Breakopen tickets in the three halls, provided an increase in proceeds to charitable organizations of more than 100%. This clearly addresses the goal of maximizing profits to charitable organizations through the reduction of operating expenses.

Also during 1984-1985, sponsoring groups netted profits of $2,365,000.00 through casinos. Ninety days of casinos were operated in Winnipeg, with 81 of these at the the Winnipeg Convention Centre. The remaining 9 days were held in the Winnipeg Arena during the Red River Exhibition. Space on the 2nd floor of the Winnipeg Convention Centre was newly renovated for casinos and in February, 1985, the Foundation operated the first event at that location.

In 1984-1985 the staff complement of the Foundation was increased to 69 from 12. This increase was required to respond to the emphasis of the new mandate and complete the tasks of the Foundation. Other administrative activities were also augmented in proportion with increased responsibilities. It is anticipated that some additional administrative expenses will continue to be incurred during the 1985-1986 fiscal year.

The accomplishments and operational highlights outlined in the following pages of this report fall in line with the goals the Foundation is striving to achieve.

Garth Manness
General Manager

The Role of the Manitoba Lotteries Foundation

The Manitoba Lotteries Foundation has two distinct roles. One is to license charitable and religious organizations for the conduct of gaming activities on their own behalf. Profits from these activities are used for charitable or religious purposes.

The second role is to conduct and manage lottery schemes on behalf of the Province of Manitoba. The Manitoba Lotteries Foundation is the Provincial Marketing Organization in Manitoba for the sale of all lottery tickets available through the Western Canada Lottery Foundation. Manitoba works co-operatively with Saskatchewan and Alberta in the Foundation and is represented by two members on the W.C.L.F. Board.

All casinos and bingo events in three major halls in Winnipeg are operated by the M.L.F. Community organizations, through Umbrella Groups, supply volunteers to assist in the operation of these events and in return, share in the proceeds earned.

Licensing

Licensed gaming provides many charitable, religious, sporting and community organizations with an important source of revenue for their projects and programs. The Manitoba Lotteries Foundation is responsible for the accountability, fairness and integrity of all gaming activities within the Province.

Under the Criminal Code of Canada, a federal statute, lotteries and gaming activities are illegal except as allowed by provincial governments and requires that all gaming events be either conducted or licensed by the Provinces. The Foundation has been charged with the responsibility to provide a licensing system for the Province of Manitoba and has the authority to both grant and revoke licenses according to Terms and Conditions established by the Board.

Charitable organizations in Manitoba are eligible for licensing to conduct and manage their own lottery schemes, community bingos, breakopen tickets, raffles, wheels of fortune and calcutta auctions. Profits from these activities must be used for charitable or religious purposes and the use of volunteers is strongly encouraged.

Gaming policies in Manitoba assist organizations in their fundraising through the establishment of regulations that provide accountability and adequate controls, ensure profits to charitable organizations are maximized and that all games offer the public a fair chance to win. The Foundation has an internal structure that includes an audit section and an investigative team to ensure profits earned from the operation of gaming activities are used in a manner that is consistent with the charitable objectives approved by the Board in the group's original application.

During the 1984-85 fiscal period, licensing subcommittees of the Board reviewed 2,359 lottery applications. Of these, 1,865 licenses were granted:

Figure 1
Manitoba Lotteries Foundation
Active Licenses
3 Year Comparison*

	(12 months) 1982	(15 months) 1983-84	(12 months) 1984-85
Bingo	398	461	661
Breakopen Tickets	874	1,252	880
Raffle	145	190	206
Casino	36	40	—
Wheels of Fortune	76	78	62
Calcutta	41	82	46
Midway	9	6	8
Exhibitions	1	—	1
Agr. Fair	—	2	—
Monte Carlo Casino	—	—	1
	1,580	2,111	1,865

* During 1983 the licensing period was shifted from the calendar year to a fiscal year. Therefore 1982 figures are based on the calendar year, 1983-84 figures represent 15 months of activity from January 1/83 - March 31/84 and 1984-85 data is reported for the fiscal period ending March 31, 1985.

Organizations had previously been licensed to operate in the three large bingo halls in Winnipeg. On June 1/84 the Manitoba Lotteries Foundation assumed the operation of the halls and licenses for those activities are no longer required.

Also in June of 1984, contributions from the sale of breakopen tickets began to be collected in the "Gaming Fund".

Millions of dollars are raised each year for community projects and programs through licensed lottery and gaming events:

Figure 2

License Comparisons*

Game	Fiscal	# of Licenses	Revenue	Prizes	Expenses	Profits
Bingo	'83/'84	461	31,332,000	22,503,000	6,807,000	2,022,000
	'84/'85	661	28,347,000	21,222,000	3,906,000	3,219,000
Breakopen	'83/'84	985	85,214,000	61,990,000	6,038,000	17,186,000
	'84/'85	713**	54,769,000	36,047,000	8,442,000*	10,280,000
Raffle	'83/'84	190	3,874,000	1,818,000	558,000	1,498,000
	'84/'85	206	4,340,000	2,061,000	568,000	1,711,000

* Financial figures given are projections based on actual reports audited. To date 98% of 1983-84 and 65% of 1984-85 financial reports have been received and reviewed.

** This does not include sales in hotels and M.L.F. Bingo Halls.

Gaming Management

Lotteries

1984-85 was another successful year for lotteries in Manitoba. The trend set in the previous year continued with another dramatic increase in sales of Lotto 6/49 and Instant lottery tickets.

Two new instant games were introduced to Manitobans during the year in addition to the 10th Anniversary Gala Draw of the Western Canada Lottery Foundation. Each of the "Scratch and Win" games (Provincial Flowers and Pioneers of the West) was an outstanding success. The Anniversary draw, which offered "Whole" and "Street" tickets, also proved very popular.

Figure 3

Manitoba Lotteries Foundation

Lottery Sales at Retail

for the year ended March 31, 1985

	1985	1984
Lottery Sales at Retail:		
Western Express	$ 6,510,715	$ 11,190,205
Provincial	5,186,490	6,221,715
Super Loto	6,584,170	7,866,420
Instant	14,750,247	6,209,990
Lotto 6/49	27,970,205	13,987,855
Lotto West	3,933,014	—
Anniversary	887,900	—
	$ 65,822,741	$ 45,476,185

Bingos and Casinos

Bingo and Casino events are now fully managed by the Foundation. Volunteers are provided through the Umbrella groups to assist in these operations. The Foundation is committed to developing a system through which groups will have more equitable access to these gaming activities. Every effort was made during the year tc maximize profits to charitable organizations participating in Foundation-operated gaming events. Increased accountability and controls were intended to augment revenues realized for member organizations of umbrella groups and ensure the integrity of large-scale gaming in Manitoba.

Figure 4
Manitoba Lotteries Foundation

Bingo Earnings By Group*

June/84 - March/85

Greendell Community Club	30,938
Treble Teens	22,033
St. Vital Victoria's	41,150
East Elmwood Soccer	16,392
St. Vital Flocking Ducks	50,008
Bison Alumni & Friends	29,603
Transcona Regents	11,620
Manitoba Section-Canadian Figure Skating Assoc.	15,621
St. Boniface Mohawks	26,365
Canadian Hostelling Assoc.-Manitoba Region	17,504
Manitoba Amateur Basketball Assoc.	21,786
Wasps Rugby	1,491
Les Danseurs de la Riviere Rouge	11,417
Greendell Baton	3,512
University of Winnipeg Wesmen Booster Club	25,185
Lord Selkirk Pipe Band	12,252
Manitoba Water Ski Assoc.	9,151
St. Amant Society (Concerned Parents Group)	9,418
Pee Wee Saints	17,177
St. Adolphe Jaycees	18,013
St. John's Swim Club	584
Haie Volleyball	286
Manitoba Track and Field Assoc.	26,146
Manitoba Rhythmic Sportive Gymnastics Assoc.	11,723
Associated Manitoba Arts Festivals	18,746
Herzlia/Torah Academy	12,477
Excaliber Fencing	16,636
Variety Club of Manitoba, Tent 58	22,028
St. Joseph's Polish National Catholic Church	8,629
South East Community Council	4,419
B'nai B'rith Womens	2,852
Manitoba Highland Dancers Assoc.	11,552
Squash Manitoba	4,757
Manitoba Child Care Assoc.	6,793
St. James Crusaders	16,365
Lockport Community Club	3,417
River East Optimist Society	5,362
Manitoba Horse Council	8,788
Canadian Save The Children — Manitoba	4,685
Le Cercle Moliere	6,847
Ladies for Life — Manitoba Chapter	2,039
Manitoba Opera Association	9,930
Gladstone Parent Teacher Association	3,763
Amnesty International	4,909
Maples Ringette	44,524
Prairie Theatre Exchange	22,165
Manitoba High Schools Athletic Assoc.	119,381
Tec Voc Parents Assoc.	25,147
Talmud Torah	5,937
St. James Zots	1,264
Stirling Pipe Band	11,488
Manitoba Gymnastics Assoc.	37,190
Manitoba Team Handball Federation	32,368

Figure 4

Manitoba Lotteries Foundation

Bingo Earnings By Group* (Cont'd)

June/84 - March/85

Manitoba Water Polo Assoc.	47,886
Junior A Hockey	22,790
David Livingstone Parent Council	29,156
Synchro Swim Manitoba	31,886
Manitoba Ladies' Curling Assoc.	4,364
Ice Mice	17,871
Dakota Athletics	40,084
Winnserv Inc.	14,211
Winnipeg Streakers	675
Canadian Amateur Swimming Assoc.-Manitoba Section	37,369
Police 'B' Side	23,145
#526 The Winnipeg Grenadiers Cadet Corps	2,170
Pan Am Diving Club	33,635
Fort Rouge Juvenile Soccer	30,309
Manitoba Baseball Assoc.	9,221
North End Flyers	5,633
St. Mary's Polish National Catholic Church	17,721
Winnipeg Lions Club Golden Girls	9,669
Irish Association of Manitoba	20,688
Manitoba Speed Skating Assoc.	17,890
Temple Shalom	23,001
Native Alcoholism	4,714
Strikers Soccer	2,698
Brittannia Soccer	7,456
Fort Garry/Fort Rouge Twins	13,111
North End Game and Fish	14,031
Winnipeg School of Karate	28,432
Women's Wasp Athletics	15,012
South End Chiefs	5,882
Minor Midget Saints	13,877
Manitoba Volleyball Assoc.	24,247
Manitoba Rowing Assoc.	3,114
A-Side Blues	20,103
Manitoba Raquetball Assoc.	9,560
Polish Relief Fund	9,850
Children's Hospital of Winnipeg Research Foundation	142,060
Rusalka Ukrainian Dance Ensemble	31,980
Canadian Polish Congress	38,293
Orlan Ukrainian Folk Ensemble	46,066
O. Koshetz Choir Inc.	42,690
St. Nicholas Parish Social Club	81,534
Fidelity Club of Immaculate Heart of Mary School	127,232
Manitoba Wheelchair Sports and Recreation Assoc.	42,762
Polish Women's Congress	25,586
Canadian Assoc. for the Mentally Retarded	42,773
Polish Sokol Choir & Dancers	31,844
Ukrainian Cultural and Educational Centre	34,530
Manitoba Women's Field Hockey Assoc.	2,921
Holy Family Nursing Home	21,801
Smitty's Imperials	14,463
3rd Winnipeg Scout Group Committee	3,235
Canadian University Nursing Students Assoc.	9,139
Society of Compassionate Friends	6,015

Figure 4
Manitoba Lotteries Foundation

Bingo Earnings By Group* (Cont'd)

June/84 - March/85

Kildonan Pop Band	1,872
Winnipeg Indian Days	4,321
Winnipeg Heather Belle Ladies Pipe Band	4,944
The Parkinson Foundation of Canada — Winnipeg Chapter	6,455
Manitoba Community Education Association Inc.	6,803
Injured Workers Assoc. of Manitoba Inc.	1,539
Parents Assoc. of Young Girls Adventure Group	6,691
PTS Ukrainian Education	4,613
Manitoba Assoc. of Licenced Practical Nurses (Wpg. Chapter)	3,047
Schizophrenia Treatment & Research Foundation of Manitoba	5,147
Manitoba Golf Assoc.	1,912
Manitoba Amateur Boxing Assoc.	3,221
Manitoba Amateur Broomball Assoc.	4,089
Manitoba Amateur Hockey Assoc.	4,175
Manitoba Soccer Assoc.	4,661
Canadian Amateur Diving Assoc.-Manitoba Section	3,835
Manitoba Trapshooting Assoc.	546
Manitoba Skeet Shooting Assoc.	1,643
Manitoba Karate Assoc.	1,882
Manitoba Cycling Assoc.	2,291
Manitoba Lacrosse Assoc.	1,895
Manitoba Tennis Assoc.	2,133
Manitoba Curling Assoc.	1,057
Manitoba Ten Pin Federation	2,464
Manitoba Five Pin Bowling Federation	3,556
Manitoba Free Style Wrestling Assoc.	8,819
Manitoba Amateur Roller Skating Assoc.	11,076
Manitoba Amateur Football Assoc.	9,699
Manitoba Cricket Assoc.	2,424
Manitoba Softball Assoc.	3,217
Manitoba Rugby Union	1,796
Manitoba Judo Black Belt Assoc.	1,919
Manitoba Ringette Assoc.	3,935
Manitoba Alpine Ski Division	11,475
Cross-Country Ski Assoc. of Manitoba	7,037
Manitoba Weightlifting Assoc.	5,169
Manitoba Special Olympics	8,362
Manitoba Badminton Assoc.	11,621
Manitoba Women's Field Hockey Assoc.	14,128
Assassins Rugby	13,848
Chalet Jets Fastball Club	12,314
	$2,472,697

Other Bingo Hall Profits Earned By Umbrellas

to March 31, 1985:

Manitoba Sports Federation	170,886
Manitoba Arts Council	8,994
Manitoba Community Services Council	75,485
Manitoba Community Education Association	19,594
Manitoba Intercultural Council	46,255
	$2,793,911

(* All figures are rounded to the nearest dollar)

Distribution of Funds

The Umbrella Group System:

The Manitoba Lotteries Foundation is responsible for distributing gaming revenues to umbrella groups in the amounts determined by the Provincial Government. The intent of the Umbrella system is to provide the mechanism for the fair and equitable sharing of lottery revenues within the Manitoba Community. The Umbrella groups are representative bodies whose "member" organizations share similar objectives. For example, those groups with an interest in providing cultural opportunities for the community fall within the umbrella for the arts. Organizations with objectives in the areas of community services, sporting activities or ethnic pursuits may share in lottery funds through those respective umbrella groups. Each umbrella is responsible for determining funding criteria best suited to the needs of community organizations throughout Manitoba.

Support extended to community groups through the umbrellas during 1984-85 is outlined in the following pages.

Manitoba Arts Council

The Manitoba Arts Council represents not-for-profit professional arts groups and province-wide arts organizations. It applies lottery revenue towards operations, deficit reduction, special projects and tours. Among those receiving funds are Rainbow Stage, the Manitoba Writers' Guild and the Manitoba Association of Community Arts Councils.

Lottery revenues are shared between the Manitoba Arts Council and the Arts Gaming Commission on a 75/25% ratio. The Arts Gaming Commission is made up of a Board of volunteers appointed by the Manitoba Arts Council and reporting to the Manitoba Arts Council.

Arts organizations also shared in $79,353 profits earned through the umbrella allocation of bingo events.

The Council's casino days were shared by the arts groups. Profits from the event were $113,099.

Figure 5
Manitoba Arts Council
Schedule of Distributions to Organizations for The Manitoba Arts Gaming Fund Commission
for the ten months ended March 31, 1985

	1985
DANCE	
Contemporary Dancers Inc.	$ 30,634
Les Danseurs de la Rivière Inc.	3,781
Manitoba Dance Theatre & School Inc.	2,183
The Royal Winnipeg Ballet	48,957
The School of the Royal Winnipeg Ballet	7,000
Total Dance	92,555
INTERDISCIPLINARY	
Arts Space Inc.	20,000
Associated Manitoba Arts Festivals Inc.	2,183
Manitoba Association of Community Arts Councils	5,583
Woman and the Arts	5,000
Total Interdisciplinary	32,766
LITERARY	
Arts Manitoba Publications Inc.	9,000
Canadian Authors' Association, Manitoba Branch	2,183
Manitoba Writers' Guild	5,483
Midcontinental Media Group Inc.	1,500
Total Literary	18,166

Figure 5
Manitoba Arts Council

Schedule of Distributions to Organizations for The Manitoba Arts Gaming Fund Commission (Cont'd)

for the ten months ended March 31, 1985

	1985
MUSIC AND OPERA	
Aurora Musicale, Inc.	2,183
Canadian Music Competition, Manitoba Section	12,183
S.C. Eckhardt-Gramatte Competition	4,819
Manitoba Chamber Orchestra Inc.	13,207
Manitoba Choral Association	2,183
The Manitoba Composers' Association	3,183
Manitoba Opera Association Inc.	30,002
Winnipeg Bach Festival	2,819
Winnipeg Centennial Folk Festival	21,397
Winnipeg Singers	7,183
Winnipeg Symphony Orchestra Inc.	55,001
Total Music and Opera	154,160
THEATRE	
Actors' Showcase	15,821
Agassiz Productions Inc.	4,683
Association of Community Theatres, Manitoba Inc.	3,183
40 Below Mime Inc./International Festival of Contemporary Mime	14,183
Le Cercle Molière, Inc.	20,000
Manitoba Association of Playwrights	3,019
Manitoba Puppet Theatre	12,821
Manitoba Theatre Centre	40,841
Prairie Theatre Exchange	25,011
Rainbow Stage Inc.	32,801
Total Theatre	172,363
VISUAL ARTS	
Canadian Artists' Representation (Manitoba)	4,683
Manitoba Crafts Council	7,183
Plug In Inc.	7,183
Winnipeg Art Gallery	41,772
Video Pool Inc.	3,883
Winnipeg Film Group	7,183
Winnipeg Photographers' Group	4,683
Total Visual Arts	76,570
Total grants to organizations	**$ 546,580**

The Manitoba Community Education Association Inc.

The Manitoba Community Education Association Inc. represents some parochial and independent schools in Manitoba. These schools share in revenues from casino and bingo events and supply volunteers to assist in the operation of those events.

Participating schools are allocated funds proportional to student enrollment. Presently the member schools are Jewish, Roman Catholic and non-denominational.

In 1984-85 fiscal year, $885,879. accrued to the Association from gaming.

Holy Ghost Church
Immaculate Heart School
Monsignor James K. MacIsaac School
St. Edward's School
St. Gerard's School
St. Mary's Academy
St. Charles Academy
St. Paul's High School
St. Maurice School
St. Emile School
Holy Cross School
St. Boniface Diocesan School
St. Alphonsus School
St. Joseph The Worker School
St. Vladimir's College
Joseph Wolinsky Collegiate
Talmud Torah/I.L. Peretz Folk School
Ramah Hebrew School
Torah Academy
Balmoral Hall School for Girls
St. John Brebeuf School

Manitoba Community Services Council

The Manitoba Community Services Council allocates lottery funds to non-profit volunteer organizations that provide services for the benefit of their communities. This may include a wide range of support programs, such as geriatric and child care, recreation and education activities, programs for the disabled, and many other special projects.

The Board consists of volunteers from across Manitoba with at least one representative from the Social Planning Council of Winnipeg. The Chairman of the Council is an ex-officio member of the Board of the United Way of Winnipeg.

The Council's mandate is solely to act as the umbrella and manage gaming funds and is therefore its own gaming committee. The Council received $2,130,564 in gaming funds in 1984-85. A further $655,589 was earned through the bingo halls, and $265,656 through the casino.

Figure 6
Manitoba Community Services Council
Disbursement of Casino Proceeds
1984/85

Indian & Metis Friendship Centre	$64,403
Citizenship Council of Manitoba	64,403
Skills Unlimited	64,403
University of Manitoba Alumni Association	64,403
	$257,612

Figure 7
Manitoba Community Services Council

Gaming Fund Allocations

For the Fifteen Month Period Ended 31 March 1985

Junior Achievement of Manitoba	$ 20,000
75th Anniversary of Navy Reunion Committee, Winnipeg	2,500
The Pas Public Library	5,018
C.A.M.R., Altona & District Branch	10,000
Project 3-Acres, St. Norbert	1,500
Columbus Centennial Centre, Winnipeg	25,000
Juniper Centre Inc., Thompson	7,500
C.A.M.R. Rolling Dale Branch, Cardale	1,700
C.A.M.R. Flin Flon Branch	10,000
Valley Rehabilitation Centre Inc., Winkler	15,000
Sprucedale Industries Inc., Austin	12,000
Norshel Centre Inc., Winnipeg	10,000
ARC Industries Occupational Training Centre, Selkirk	12,000
Manitoba Council of Rehabilitation Workshops Inc.	5,000
Westman Opportunities Inc., Brandon	5,057
Norman Community Services Inc., Flin Flon	3,000
Canadian Mental Health Association, Manitoba Division	9,000
Virden House Project Inc.	7,000
Selkirk Community Library	5,000
Henderson School Range Committee, Dauphin	5,000
Portage Women's Shelter, Portage la Prairie	16,800
The Pas Handi-Van Inc.	4,000
Project 3-Acres, St. Norbert	3,000
Gimli Association for the Mentally Retarded	6,500
St. Claude Recreation Centre	25,000
Manitoba Forestry Association Inc.	20,000
Manitoba Schools Science Symposium	10,000
Queen's Own Cameron Highlanders — Cadet Corps., Winnipeg	10,000
Manitoba Council of Rehabilitation Workshops Inc.	25,000
Scouts Canada, Manitoba Council	12,000
Manitoba Stroke Club	8,400
WISH Inc., Winnipeg	1,500
St. Joseph's Parish Council, Winnipeg	15,000
Sir William Osler Day Care, Winnipeg	1,000
The New Children's Hospital Enhancement Fund, Winnipeg	25,000
H.S.B.A. Foundation Inc., Winnipeg	11,500
Winkler Auxiliary Arena	25,000
Wildlife Foundation of Manitoba	20,000
Westbourne Longburn Community Club Inc.	25,000
Portage Co-operative Nursery School, Portage la Prairie	750
Midland Nursery School, Carman	750
Learning Tree Day Nursery, Winnipeg	1,000
Manitoba Society of Seniors	8,000
Letellier Athletic Association	25,000
Pluri-Elles, Winnipeg	1,500
	$ 472,975

Manitoba Heritage Federation

The Manitoba Heritage Federation consists of 6 provincial associations and 58 community-based incorporated organizations that have stated objectives of promoting heritage in Manitoba. All areas of Manitoba are well represented on the Federation's Gaming Committee. Support is extended to museum boards, historical societies and other heritage groups for heritage development projects and programs.

The Federation shares in revenues from casino events and supplies volunteers to assist in the operation of those events. In the 1984-85 period, the Federation realized $390,292. in gaming profits.

Figure 8
Manitoba Heritage Federation Inc.
Gaming Funds Committee
Summary of Allocations
for the year ended March 31, 1985

Association of Manitoba Archivists	$ 10,000
Association of Manitoba Museums	3,000
Brandon University Archives	4,875
Ukrainian Cultural and Educational Centre	4,000
Manitoba Historical Society	20,000
26th Field Artillery Regiment Museum	1,000
Morden and District Museum	15,000
Moncur Gallery of Prehistory	10,000
William P. Thompson	5,000
Heritage Winnipeg	18,000
Swan Valley Museum	2,000
Brandon and District Branch, Genealogical Society	5,000
Dugald Costume Collection Inc.	7,000
Ukrainian Homestead Inc.	2,000
Monarchist League of Canada	500
Ft. Dauphin Museum Inc.	11,000
La Societe Historique de St. Boniface	7,000
La Societe Historique de St. Boniface	4,000
Vintage Locomotive Society	30,000
Chinese Historical and Culture	8,500
Provincial Exhibition of Manitoba	5,000
C.T. Shay	3,585
Manitoba Musuem of Man and Nature	25,000
Carberry Plains Culture Centre	1,500
Manitoba Genealogical Society Inc.	12,000
The Pas History & Heritage Society Inc.	1,500
St. Francois Xavier Parks Board	1,200
Historical Museum Assoc. of St. James Assiniboia	3,200
Naval Museum of Manitoba Inc.	1,000
Transcona Historical Museum	4,000
TOTAL	$225,860

Manitoba Intercultural Council

The Manitoba Intercultural Council represents enthnocultural communities and offers support to eligible organizations for activities that are of benefit to Manitobans: operational funding, capital projects, intercultural activities and new and cultural projects, for example.

Recommendation on the distribution of all revenues accruing from gaming is completed by the Community Resources Allocation Committee. This committee is appointed by the Board of the Manitoba Intercultural Council and reports to it. The Fund is called the Ethnocultural Community Support Fund.

During 1984-85, funds accruing to the Council were held in trust by the Manitoba Lotteries Foundation pending signing of the formal agreement. This amounted to $539,743 at fiscal year end. Ad administration fee was also withheld by the Council from bingo and casino revenues.

The council was allocated 188 bingo events which were used to meet commitments to "grandfathered" organizations. In the year ended March 31/85, members of the Council shared in $401,913 earned through bingo.

The 1984 casino netted a profit of $116,355 shared by eight organizations:

Figure 9
Manitoba Intercultural Council
Disbursements of Casino Proceeds
1984/85

Dutch Canadian Society	$14,021
Lebanese Association	14,021
Manitoba Association for Promotion of Ancestral Languages	14,021
Manitoba Parents for Ukrainian Education	11,261
Saint Andrew's Society	14,021
Scandinavian Centre	14,021
Ukrainian Folk Arts Centre	10,599
Francofonds	14,099
	$106,117

Manitoba Sports Federation

The Manitoba Sports Federation represents non-profit amateur sports organizations. This includes more than seventy provincial sport associations and other multi-sport bodies. The main objective of the Federation are the promotion and development of sport throughout Manitoba.

Lottery revenues to the Manitoba Sports Federation are divided between the operation of the Manitoba Sports Federation and the Sports Governing Bodies. The Manitoba Sports Federation has set up a Gaming Advisory Committee to direct the affairs of the umbrella group. Members of the Gaming Advisory Committee are appointed by the Manitoba Sports Federation and report to the MSF Board.

During 1984-85, the Federation did not make any direct grants to sport organizations. The $4,857,687 in gaming funds earned by the Federation were held by the umbrella for expenditure in the following year.

The Federation did not receive any casino earnings during the 1984-85 fiscal year. However, an additional $1,486,056 was shared by sports organizations in the Manitoba Lotteries Foundation-operated bingo halls.

Other Agreements

Manitoba Medical Research

In August, 1981 the Manitoba Hotel Association agreed to market breakopen products in support of the St. Boniface General Hospital Research Foundation. The Association encouraged member hotels to participate by becoming licensed to sell breakopen tickets. A letter of agreement in March of 1984 confirmed this fund raising through the sale of breakopen ticket products in hotels.

Revenues earned from these sales are apportioned as follows:

45% to the Medical Research Council

45% to the three teaching hospitals on an equal cost-sharing basis for capital projects, to be divided, in order, with $1,000,000 to the St. Boniface Hospital, 2.5 million to the Health Sciences Centre and 2.5 million to the Children's Hospital Research Foundation; with the remaining 10% identified for Administrative Research.

The proceeds to Medical Research from tickets sold in 1984-1985 totalled $1,664,941.

The commitment to the St. Boniface General Hospital has been met and funds earned are now forwarded to the Health Sciences Centre.

Special Events Groups

Four community organizations share in the gaming proceeds through participation in their designated casino events. In 1984-85 these four groups earned $720,395.

Figure 10

Festival Du Voyageur*	$292,130
Red River Exhibition Association	193,218
Community Folk Art Council of Winnipeg	87,393
Winnipeg Blue Bombers Football Club	147,654
	$720,395

* Festival Du Voyageur also received payment for the February 1984 casino event in the 1984-85 fiscal year. Total payments to the group during the fiscal period ending March 31/85 equalled $514,724.00.

United Way of Winnipeg

The United Way is also supported by lottery revenues. The United Way of Winnipeg is an organization designed to help meet the human care requirements of Winnipeggers through raising and allocating voluntarily contributed dollars to services of participating agencies. It works on behalf of over 65 service agencies such as Meals on Wheels, the Canadian Red Cross Society and the Y's, to name only a few.

The United Way of Winnipeg was a partner in the Western Lottery Manitoba Distributor Inc. since 1975 and therefore is included in the new system. The United Way receives 5.6% of the Gaming Fund (in 1984-85 — $1,590,821) to be used only for:

a) the administration expenses of the United Way of Winnipeg;

b) the allocation to other United Ways in Manitoba outside the City of Winnipeg as determined by the United Way of Winnipeg; and

c) the allocation to the United Way of Canada.

All lottery revenue goes toward administration costs so that 100 cents of every dollar raised, plus interest earned on revenue goes directly towards services or programs provided by participating agencies. The United Way of Winnipeg presently supports 14 United Ways throughout the Province of Manitoba with lottery revenues.

Any funds remaining are forwarded to the Manitoba Community Services Council.

Government of Manitoba

Department of Culture, Heritage and Recreation

The Department of Culture, Heritage and Recreation applies its portion of the Gaming Fund to a wide range of initiatives that support the Department's mandate to develop cultural, heritage and recreational activities throughout Manitoba. These include:

a) development of local and provincial arts activities;

b) multicultural initiatives;

c) development of recreation activities; and

d) operating assistance to museums.

Figure 11
Department of Culture, Heritage and Recreation

Statement of Receipts and Disbursements

For the Year ended March 31, 1985

Balance, March 31, 1984			$ 661,283.59
RECEIPTS:			
Manitoba Lotteries Foundation		$ 7,800,290.15	
Interest		430,714.15	
Withdrawals from Investment Account		150,000.00	8,381,004.30
			$9,042,287.89
PAYMENTS:			
Grants Administration:			
Coordination Assistance Grants	$ 16,151.64		
Equipment Grants - Remote Communities	36,719.55		
Community Facilities Capital Grants	656,223.51		
Administration - Grant program	33,641.48		
Cultural Agreements	26,362.50		
Skills Transfer Grants	35,484.10		
Public Events Sponsorship Grants	122,926.15		
Arts Accommodation Project	36,469.01		
Winnipeg Area Projects	148,612.50		
Hospitality Grants	14,555.00		
Special Projects	108,047.05		
Arts, Culture & Heritage Awards	6,380.00	1,241,772.49	
Cultural Resources:			
Soccer Touring Events	$ 58,215.87		
Soccer Festival Events	53,469.79		
Ballet in the Park	15,000.00		
Special Capital Grant	18,000.00		
Multicultural Grants	464,205.00		
Linguistic Support Grants	119,560.00		
"Search For" Program	8,500.00		
Manitoba Assoc. for Art Education	2,500.00		
Community Cultural Council Grants	137,001.00		
Cultural Centre Establishment	34,950.00		
Touring Workshop Projects	27,669.94		
Art School Grants	86,550.00		
Provincial/Regional Cultural Organizations & Festivals	84,200.00		
Special Projects	22,000.00	1,131,821.60	
Recreation Branch:			
Gimli Training Centre	15,000.00		
Birds Hill Day Camp	30,059.65		
Facilities Development	23,780.63		
Provincial Recreation Agency Grants	72,770.00		
Frontier School Division Games	29,000.00		
Recreation for the Disabled	3,678.24		
Community School Incentive Grants	500.00		
Resource Development	56,159.42		
French Playleaders Training	2,272.48		
Northern Manitoba Recreation Assoc.	5,000.00		
Winnipeg Boys and Girls Clubs	20,000,000	258,220.42	
		$ 2,631,314.51	$ 9,042,287.89

Figure 11
Department of Culture, Heritage and Recreation

Statement of Receipts and Payments

For the Year Ended March 31, 1985

Brought Forward			$ 2,631,814.51	$ 9,042,287.89
Public Library Services:				
Public Library Capital Grants			58,191.59	
Historic Resources Branch:				
Archaeology				
Surveys	$120,663.65			
Excavations	57,730.49			
Publications	17,847.29	$196,241.43		
Architectural History				
Surveys	$ 65,625.98			
Measured Drawings	53,077.34			
Publications	11,669.16	130,372.48		
History				
Surveys	$ 27,998.72			
Research	44,203.26			
Publications	23,602.05			
Provincial Commemorative Program	45,219.64	141,023.67		
Grants to Heritage Organizations		223,612.41		
Heritage Building Grants		216,700.00		
St. Norbert Heritage Park Development		33,967.95		
Heritage Legislation Development		12,000.58	953,918.52	
Regional Services:				
Northern Water Safety		$ 42,254.30		
Community Projects		50,514,98	92,769.28	
Provincial Archives:				
Oral Histories			20,885.76	
Cultural Industries Development:				
Cultural Industries Support			143,644.24	
Finance and Management Services:				
Community Facilities Inventory			3,175.13	3,904,399.03
				$ 5,137,883.86
Funds Transferred to Invesment Account (Note 1)				4,500,000.00
Balance in Trust, March 31, 1985				$ 637,883.86

Note 1: The amount held in Funds on Deposit for Investment on behalf of the Culture, Heritage and Recreation Fund as at March 31, 1985 was $6,976,791.57.

Department of Health

The Department of Health receives lottery support for programs and activities in the areas of Fitness Promotion, Sport and Research. In 1984-85 the Department received $2,777,975. in gaming funds.

Sport Directorate:

The Sport Directorate's mandate is to stimulate sport growth and development in Manitoba that would have a positive effect on the physical, mental and social well being of all Manitobans. The Directorate provides consultative and financial assistance to encourage annual planning with goals and objectives. In working with provincial and regional sport associations, opportunities are made available to allow all Manitobans to participate at their desired skill level.

Funds provided to the Directorate from the Manitoba Lottery Foundation allow for programs and services to meet the continuum of sport development from the community/grass root level to the elite/high performance athlete, coach and volunteer.

The following lottery funded programs play a major role in provincial sport development:

(a) Provincial Championship grants;
(b) Man-Plan (athlete, coaches) aid;
(c) Canada Games;
(d) Manitoba Games;
(e) Athletic therapy certification program;
(f) National Coaching Certification Program;
(g) Regional sport association grants;

(a) **Provincial Championships** — Assistance is offered to provincial sport associations for the ongoing organization and hosting of provincial championships for over 70 provincial sport associations. Provincial championships are the base program for all provincial associations.

(b) **Man-Plan Aid** — The development of elite athletes, coaches and officials is encouraged through direct grants for their continued training and exposure. In co-operation with Man-Plan the Directorate also provides $100,000. to the three universities for athletic scholarships and an additional $170,000. for the development of provincial teams.

(c) **Canada Games** — Manitoba participates in the Canada Winter and Summer Games on an alternating cycle every two years. Over 30 provincial sport associations participate in the Games, competing against the other provinces and territories. Funds are used for the training, selection and preparation of Team Manitoba.

(d) **Manitoba Games** — Is a multi-sport event that stimulates participation in amateur sport at many levels. Over 10,000 athletes, coaches and volunteers participate in the program which recently culminated in Flin Flon on March 13th to 16th, 1986, with the provincial final. The Games are a full community program with participation for youth, adult, seniors and Special Olympians.

(e) **Athletic Therapy Certification** — Through the Manitoba Athletic Therapists Association a progressive program in prevention and care of sport injuries is provided to develop an awareness and certified program for amateur sport volunteers.

(f) **National Coaching Certification Program** — is a combined effort of the federal, provincial governments and sport associations with the Coaching Association of Canada to encourage and enhance coaching. In Manitoba hundreds of coaching clinics are held on an annual basis as one of the major forces in the development of coaches. These clinics are also supported by similar grants to provincial sport associations for non-certified sessions. A parallel program is offered for officials development.

(g) **Regional Sport Associations** — Grants and support services are available to regional sport associations throughout the province to assist in the development of sport on a community-regional level. Six rural associations are currently organized and assisting in a variety of activities, competitions, clinics and seminars for amateur sport.

Fitness Development:

The goal of the Fitness Development Section is to promote and develop projects which provide Manitobans with opportunities to attain their highest level of physical fitness.

The Fitness Development Section continues to work closely with YMCA, YWCA and the City of Winnipeg Fitness Division in providing fitness instruction programs to all areas of the province. During 1984, this Section implemented six fitness instructor courses involving approximately 120 participants. In addition, training programs for instructor supervisors were developed.

In order to address the need for fitness programs for seniors, a fitness leadership program for seniors was developed during 1984. The course focused on topics such as nutrition, safety, fitness activities, stress as well as organizational activities. This program was provided to 33 seniors in the Interlake Region and resulted in the participants initiating their own programs in eight locations of the region.

The Fit-4-Fun program continued to be made available to individuals who wish to develop their own fitness activities. During 1984, a total of 610 people participated in this four-level program.

The Corporate Challenge program is aimed at increasing the fitness levels of employees in the Manitoba businesses. The Fitness Development Section coordinated two corporate events during 1984. In Selkirk, six companies participated in this program and in Winnipeg a major corporation held a program involving 583 staff in team participation.

In 1984, Fitness staff met with Manitoba Health Staff in the eight regions. Future programs currently under discussion include cardiovascular fitness, fitness programs for diabetics, and pre and post-natal activity programs.

Figure 12
Department of Health —
Fitness Development Section
Lottery Budget
For '84 - '85

Fitness Development	$25,800
Fitness Awareness and Education	21,500
Fitness Leadership Development	23,500
Corporate Challenge	7,000
Fitness for Seniors	3,500
	$81,300

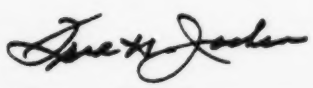
Manitoba

Office of the Provincial Auditor
Report

The Manitoba Lotteries Foundation

We have examined the financial statements, being Exhibits A to C and Schedules 1 to 7, of The Manitoba Lotteries Foundation for the fiscal year ended March 31, 1985. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Foundation as at March 31, 1985 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied, after giving retroactive effect to the changes in accounting for casinos and employee pension benefits as explained in note 3 to the financial statements, on a basis consistent with that of the preceding year.



December 2, 1985
Winnipeg, Manitoba

F.H. Jackson, C.A.
Provincial Auditor

Exhibit A

Balance Sheet

as at March 31, 1985
(with 1984 figures for comparison)

	1985	1984
Assets		
Current Assets:		
Cash on hand and in bank	$ 1,527,809	$ 5,629,715
Funds held in trust by Minister of Finance	—	225,000
Term deposits with Minister of Finance	12,460,633	—
Accrued interest receivable	150,216	96,465
Accounts receivable:		
Western Canada Lottery Foundation	2,549,748	2,172,406
Trade	80,939	45,515
Miscellaneous	222,506	12,828
Inventories — at cost:		
Lottery tickets	287,865	171,890
Breakopen tickets	178,425	33,995
Bingo paper	200,131	—
Canteen supplies	22,226	—
	17,680,498	8,387,814
Deposit on building	—	25,000
Net fixed assets (Note 6)	1,738,262	134,228
Total assets	$19,418,760	$8,547,042
Liabilities and Fund Account Balances		
Current liabilities		
Accounts payable and accrued liabilities:		
Government of the Province of Manitoba	$ 312,556	$ 201,797
Western Canada Lottery Foundation	209,771	—
Western Lottery-Manitoba Distributor Inc.	—	202,568
Trade	643,875	241,535
Casino-In-Process	623,295	28,062
Fund account balances — payable to organizations or the Government of the Province of Manitoba, Exhibit B, Note 2(h)		
Casino	(39,713)	464,500
Bingo Halls	544,244	—
Gaming Fund	8,528,074	1,926,343
	10,822,102	3,064,805
Deferred employee benefit	217,477	116,187
Fund account balances — Exhibit B, Note 2(h)		
General	3,215,809	2,000,000
Special	1,924,591	2,909,677
Equalization Fund	3,238,781	456,373
Total liabilities and fund account balances	$19,418,760	$8,547,042

Exhibit B

Statement of Changes in Fund Account Balances

for the year ended March 31, 1985
(with 1984 figures for comparison)

	Fund Account Balances — payable to organizations or the Government of the Province of Manitoba, Note 2(h)				Fund Account Balances, Note 2(h)			
	Casino	Bingo Halls	Gaming Fund	General	Special	Equalization Fund	Totals 1985	1984
Balance, beginning of year	$ 464,500	$ —	$ 1,926,343	$2,000,000	$2,909,677	$ 456,373	$7,756,893	$ 1,911,988
Add:								
Revenue over Expenditure, Exhibit C	2,365,118	2,833,402	30,303,188	—	—	—	35,501,708	10,579,905
Transfers Between Fund Accounts	—	—	(3,071,475)	1,215,809	(985,086)	2,840,752	—	—
	$2,829,618	$2,833,402	$29,158,056	$3,215,809	$1,924,591	$3,297,125	$43,258,601	$12,491,893
Deduct:								
Funds transferred to the Government of the Province of Manitoba, Schedule 6	—	—	10,008,765	—	—	—	10,008,765	4,735,000
Grants to organizations, Schedule 7	2,869,331	2,289,158	10,621,217	—	—	58,344	15,838,050	—
	2,869,331	2,289,158	20,629,982	—	—	58,344	25,846,815	4,735,000
Balance, end of year, Exhibit A	**$ (39,713)**	**$ 544,244**	**$ 8,528,074**	**$3,215,809**	**$1,924,591**	**$3,238,781**	**$17,411,786**	**$7,756,893**

Exhibit C

Statement of Revenue and Expenditure

as at March 31, 1985
(with 1984 figures for comparison)

	1985	1984
Revenue		
Net lottery sales revenue (Schedule 1)	$22,865,190	$10,446,193
Bingo paper and breakopen ticket sales (Schedule 2)	8,897,504	4,717
Bingo hall revenue over expenditure (Schedule 3)	2,833,402	—
Casino revenue over expenditure (Schedule 4)	2,365,118	464,500
Interest income	1,212,386	208,099
License fees	781,568	743,929
Other income	34,741	11,190
	38,989,909	11,878,628
Administrative expenses (Schedule 5)	3,488,201	1,298,723
Revenue over expenditure, Exhibit B	$35,501,708	$10,579,905

Schedule 1

Schedule of Net Lottery Sales Revenue

for the year ended March 31, 1985
(with 1984 figures for comparison)

	1985	1984
Lottery Sales at Retail (Note 2(b)):		
Super Loto	$ 6,584,170	$ 7,866,420
Provincial	5,186,490	6,221,715
Western Express	6,510,715	11,190,205
Instant	14,750,247	6,209,990
Lotto 6/49	27,970,205	13,987,855
Lotto West	3,933,014	—
Anniversary	887,900	—
	65,822,741	45,476,185
Interest revenue — Western Canada Lotteries Foundation	786,259	574,155
	66,609,000	46,050,340
Cost of lottery sales — Western Canada Lotteries Foundation	42,339,576	29,578,529
	24,269,424	16,471,811
Distribution by agreements:		
Western Lottery-Manitoba Distributor Inc.	—	4,755,820
Payment to Government of Canada (Note 8)	1,404,234	1,269,798
Net lottery sales revenue, Exhibit C	$22,865,190	$10,446,193

Schedule 2

Schedule of Bingo Paper and Breakopen Ticket Sales

for the year ended March 31, 1985
(with 1984 figures for comparison)

	1985	1984
Bingo Paper (Note 4)		
Sales		
— licensees	$ 467,580	$ —
— bingo halls, Schedule 3	296,800	—
	764,380	
Cost of bingo paper sold	556,867	—
Net sales	$ 207,513	—
Breakopen tickets		
Sales (Note 5)		
— licensees	$ 9,682,435	$25,084
— bingo halls, Schedule 3	1,018,350	—
	$10,700,785	$25,084
Cost of breakopen tickets sold	2,010,794	20,367
Net sales	$8,689,991	$ 4,717
Bingo paper and breakopen ticket sales, Exhibit C	$8,897,504	$ 4,717

Schedule 3

Schedule of Bingo Hall Revenue and Expenditure
for the 10 months ended March 31, 1985

Revenue	
Bingo Paper:	
Sales (retail)	$7,057,899
Less:	
Prizes	4,381,292
Cost of paper sold, Schedule 2	296,800
	2,379,807
Breakopen Tickets:	
Sales (retail)	7,550,925
Less:	
Prizes	4,918,509
Cost of tickets sold, Schdule 2	1,018,350
	1,614,066
Gross profit on canteen sales	270,362
	4,264,235
Expenditure	
Advertising	183,271
Bingo hall rental	231,483
Bingo hall salaries and benefits	321,109
Canteen expenses	2,087
Canteen salaries and benefits	132,916
Depreciation and amortization	247,315
Maintenance	38,245
Other	18,137
Security	30,158
Shortage allocated to organizations	150,595
Supplies	19,520
Utilities	55,997
	1,430,833
Revenue over expenditure, Exhibit C	$2,833,402

Schedule 4

Schedule for Casino Revenue and Expenditure

for the year ended March 31, 1985
(with 1984 figures for comparison)

	1985	1984 (3 months)
Revenue		
Casino proceeds	$3,603,217	$698,332
Interest	37,453	3,835
	3,640,670	702,167
Expenditure		
Advertising	36,378	28,812
Depreciation casino equipment	20,952	—
Other	34,317	4,535
Rentals	128,587	34,856
Salaries and benefits		
— permanent	104,547	13,001
— casual	834,898	147,522
Security	40,478	5,606
Supplies	75,395	3,335
	1,275,552	237,667
Revenue over expenditure, Exhibit C	$2,365,118	$464,500

Schedule 5

Schedule of Administrative Expenses

for the year ended March 31, 1985
(with 1984 figures for comparison)

	1985	1984
Advertising and promotion (Note 4)	$ 317,236	$ 91,927
Board members' fees and expenses	29,189	22,133
Cartage	113,468	7,699
Commissions and bonuses	105,175	9,242
Depreciation and amortization	50,646	41,516
Equipment rentals, repairs and maintenance	85,734	26,953
Insurance, security and property taxes	27,595	13,196
Office and storage space rentals	196,591	71,133
Provision for pension benefits	101,290	116,187
Postage, telephone and telex	71,255	29,934
Professional fees	125,612	129,821
Salaries and benefits	1,829,989	607,594
Sundry	103,758	5,851
Supplies and printing	115,775	49,326
Travel	214,888	76,211
Total administrative expenses, Exhibit C	$3,488,201	$1,298,723

Schedule 6

Schedule of Transfers to the Government of the Province of Manitoba

for the year ended March 31, 1985
(with 1984 figures for comparison)

	1985	1984
Department of Culture, Heritage and Recreation		
Funds transferred from:		
Gaming Fund Account	$7,230,790	$ 132,742
General Fund Account	—	3,349,341
	7,230,790	3,482,083
Department of Health		
Funds transferred from:		
Gaming Fund Account	2,777,975	48,270
General Fund Account	—	1,204,647
	2,777,975	1,252,917
Total transfers, Exhibit B	$10,008,765	$4,735,000

Schedule 7

Grants to Organizations (Note 9)

for the year ended March 31, 1985

	Casino	Bingo Hall	Gaming Fund	Equalization Fund	Total
Manitoba Sports Federation Inc. and member organizations	$ 156,537	$1,228,835	$ 3,758,699	—	$ 5,144,071
Manitoba Arts Council and member organizations	113,099	67,801	2,681,645	—	2,862,545
Manitoba Community Education Association Inc. and member organizations	749,722	136,157	—	—	885,879
Manitoba Community Services Council and member organizations	265,656	528,482	1,648,552	—	2,442,690
Manitoba Heritage Federation, Note 11	469,729	—	—	—	469,729
Manitoba Intercultural Council and member organizations	110,301	327,883	—	—	438,184
United Way of Winnipeg	—	—	1,230,919	—	1,230,919
Manitoba Health Research Council	—	—	650,701	—	650,701
St. Boniface General Hospital Research Foundation	—	—	650,701	—	650,701
Festival du Voyageur	514,724	—	—	—	514,724
Red River Exhibition Association	193,218	—	—	—	193,218
Community Folk Art Council of Winnipeg	87,393	—	—	—	87,393
Winnipeg Blue Bombers Football Club	147,654	—	—	—	147,654
Royal Canadian Legion, Manitoba Northwest Command	—	—	—	58,344	58,344
Rural Casinos (Note 10)					
Ste. Anne	16,601	—	—	—	16,601
The Pas	18,544	—	—	—	18,544
Selkirk	26,153	—	—	—	26,153
Total, Exhibit B	$2,869,331	$2,289,158	$10,621,217	$58,344	$15,838,050

Notes to the Financial Statements

for the year ended March 31, 1985

1. Establishment of the Foundation and Nature of Operations

   Order-in-Council 282/83 dated March 16, 1983 proclaimed the Manitoba Lotteries Foundation Act.

   The Foundation is the Agent of the Government of Manitoba in the Western Canada Lottery Foundation (W.C.L.F.). W.C.L.F. is responsible for providing the lottery tickets, determining the winning tickets, paying out the prizes, as well as other administrative responsibiilties as determined by the Provinces.

   The Manitoba Lotteries Foundation is responsible for the overall conduct and management of all lottery schemes in Manitoba, except for raffles with prizes under $3,000. The Foundation may issue licences to organizations to hold lottery schemes, in which case, the Foundation carries out a supervisory and compliance control.

   The Manitoba Lotteries Foundation conducts and manages bingo and breakopen ticket lotteries at the three bingo halls. The Foundation also conducts and manages all casinos in Winnipeg and effective January 1985 all rural casinos in Winnipeg.

2. Significant Accounting Policies

   (a) Revenue and expenditure recognition

   Revenue and expenditure is recorded on an accrual basis except for the following:

   (i) Revenue on lottery ticket sales, Schedule 1, Note 2(b), is recognized on sales for which draws are completed in the fiscal year.

   (ii) Casino revenue and expenditure, Schedule 4, Note 2(f), is recognized on casinos which are completed in the fiscal year.

   (iii) Licensing revenue, Note 2(c), is recognized on a cash receipts basis.

   (b) Government Lotteries

   Lottery revenue is received from W.C.L.F. and represents the revenue the Foundation receives from government lottery sales in Manitoba less Manitoba's share of W.C.L.F.'s costs associated with these sales.

   (c) Licence Fees

   Licence fees are assessed to recover certain of the Foundation's operating costs pertaining to the regulation of lottery schemes in the Province.

   (d) Fixed Assets and Depreciation

   Fixed assets are recorded at cost.

   Furniture and other equipment are depreciated on a straight-line basis over 5 years.

   Building is depreciated on a straight line basis over 20 years (see Note 7).

   Leasehold improvements are amortized over the term of the lease.

   Automotive equipment is depreciated on a declining balance method at 30% per annum.

   Casino equipment and chips are depreciated on a declining balance method at 20% per annum (4 months taken in 84-85).

   (e) Pension Costs

   The officers and employees of the Foundation are members of the Civil Service of the Government of the Province of Manitoba, and they contribute to and are pensionable under the Civil Service Superannuation Fund.

   It is the policy of the Foundation to provide for the employer's portion of pension benefits earned by employees on an indexed basis. An actuarial report as at December 31, 1983 calculated the value of these liabilities at $100,900. The actuary's formula projects this figure to $217,477. as at March 31, 1985.

Notes to the Financial Statements (Cont'd)

for the year ended March 31, 1985

(f) Casino

The casino statement (Schedule 4) reflects the transactions pertaining to casinos operated and managed by the Foundation.

The casinos are charged with all direct expenses of operating the casinos except for the Provincial Casino Manager's salary which is considered indirect. All indirect expenses are recorded as administrative expenses because they affect the total operations of the Foundation.

During the year the Foundation deducted from the proceeds of each casino an amount intended to recover direct expenses. The casino fund account is in a deficit position because the direct expenses exceeded the amounts charged to the organizations.

(g) Bingo Halls

The bingo hall statement (Schedule 3) reflects the transactions pertaining to bingo hall events operated and managed by the Foundation. The bingo hall operations are charged for all direct expenses of operating the bingo halls. Other indirect expenses are recorded as administrative expenses because they affect the total operations of the Foundation.

(h) Fund Accounts

The Foundation maintains specific fund accounts in order to recognize restrictions placed on the use of resources. The funds are included in the net assets of the Foundation.

The proceeds realized by the Foundation from time to time from the conduct and management of lottery schemes, less the costs of conducting and managing the lottery schemes and administering the Manitoba Lotteries Foundation Act, are held in trust to be used and applied as the Lieutenant Governor in Council directs or in accordance with general guidelines prescribed by the Lieutenant Governor in Council.

(i) Gaming Fund Account

The Gaming Fund Account is credited with the net proceeds from operations except for casino and bingo hall operations.

The available proceeds of this Fund Account are payable and/or transferable to charitable community organizations through their designated umbrella groups, to designated departments of the Government of the Province of Manitoba and to the Equalization Fund Account based on a sharing formula approved by Order-in-Council.

(ii) Casino and Bingo Hall Fund Accounts

These fund accounts are credited with the net proceeds from casinos and bingos operated by the Foundation.

The proceeds are payable to charitable community organizations that were involved with the casino and/or bingo events.

(iii) General Fund Account

The General Fund Account reflects $2,000,000 in retained income for working capital and investments in fixed assets. During the year, a net interfund transfer of $1,215,809 from the Special Fund Account was recorded as required by Cabinet directive. Transfers will be made back to the Special Fund Account over the next five years to carry out the balance of the Cabinet directive.

Notes to the Financial Statements (Cont'd)
for the year ended March 31, 1985

(iv) Special Fund Account

The Special Fund Account is set up for special projects and will be distributed as authorized by Cabinet.

Opening Balance		$2,909,677
Capital Projects Transfers from General Fund Account	$(1,471,125) 255,316	
Net transfer to General Fund Account	(1,215,809)	
Interest transferred from Gaming Fund Account	230,723	(895,086)
Closing balance, Exhibit B		$1,924,591

The balance of capital projects will be transferred over the next five years from the General Fund Account in accordance with Cabinet directive.

(v) Equalization Fund Account

This Fund Account receives a 10% allocation of the net proceeds credited to the Gaming Fund Account after adjustments for medical research proceeds and interest allocated to the Special Fund Account. This is based on a sharing formula approved by Order-In-Council. The purpose of this Fund Account is to provide for adjustments which may be necessary, based on historical relationships between sharing groups in the Gaming Fund Account and any other uses at the sole discretion of the Government of the Province of Manitoba.

During the year payments totalling $58,344 were made to Royal Canadian Legion Manitoba Northwest Command in partial fulfillment of the agreement made between the Foundation and member agencies of Total Community Involvement.

3. Changes in Accounting Policies

(a) The accounting policy regarding casino transactions, Note 2(a)(ii), is changed from the prior year whereby the casino statement, Schedule 4, reflected transactions for the entire year rather than just completed casinos. The change in the accounting policy has resulted in the establishment of the "casino-in-process" liability with corresponding effects on the casino revenue over expenditure, Schedule 4 and the Casino Fund Account balance. The change has been applied retroactively and prior year's figures have been restated.

(b) The accounting policy regarding pension costs, Note 2(e), is changed from the prior year. In the previous year no provision was made for pension benefits earned. The Foundation is now providing for the pension benefits earned based on an actuary's formula. The change has been applied retroactively and prior year's figures have been restated. The effect of the change is to increase the administrative expenses and reduce the revenue over expenditure and Gaming Fund Account balance by the amount of the provisions.

4. Bingo Paper

Commencing June 1984, the Manitoba Lotteries Foundation became the sole supplier of bingo paper in the Province of Manitoba. As an incentive for organizations to change from bingo cards to paper $239,548 in free paper was given out during the year and charged to advertising and promotion on Schedule 5.

5. Breakopen Tickets

Effective June 1, 1984, the Manitoba Lotteries Foundation became the only authorized supplier of breakopen tickets in the Province of Manitoba. The Foundation was also authorized to collect 11% of the retail value of breakopen tickets as a contribution to the Gaming Fund Account.

Notes to the Financial Statements (Cont'd)

for the year ended March 31, 1985

6. Fixed Assets

	Cost	Accumulated Depreciation and Amortization	1985 Net Book Value	1984 Net Book Value
Land	$102,164	$ —	$102,164	$ —
Furniture and equipment	305,933	93,322	212,611	102,932
Building	821,684	—	821,684	—
Leasehold improvements	528,617	247,244	281,373	23,157
Casino equipment and chips	314,279	20,952	293,327	—
Other equipment	39,458	12,355	27,103	8,139
	$2,112,135	$373,873	$1,738,262	$134,228

7. Building

The Manitoba Lotteries Foundation purchased a building at 830 Empress Street prior to the year end. The building required renovations to suit the needs of the Foundation and was not ready for occupancy until May, 1985. Therefore, depreciation was not taken in the fiscal year ended March 31, 1985.

8. Payment to Government of Canada

Effective January 1, 1980, the Government of Canada terminated its involvement in lotteries. In return, the ten Provinces are to contribute an annual sum of $24,000,000, adjusted for inflation, to the Federal Government. The Province of Manitoba's share for the 1985 fiscal year is $1,404,234. (1984 — $1,269,798).

Subsequent to the year end an agreement was signed between the Provinces of Canada and the Federal Government whereby the Provinces have agreed to pay $100,000,000 over three years in return for the Federal Government amending the criminal code removing the Federation Government as a legal participant in lottery and gaming activities. The estimated financial impact on Manitoba and the Manitoba Lotteries Foundation is $4,300,000 over the three year period.

9. Grants to Organizations

Grants to organizations reflected on Schedule 7 were made to the umbrella organizations and/or member organizations. Agreements and/or letters of understanding have been made with the umbrella organizations for Manitoba Lotteries Foundation to make certain payments from the funds directly to the member organizations.

10. Rural Casinos

Proceeds of the rural casinos were paid to the following organizations:

Ste. Anne casino:		
Ste. Anne Aces Hockey Club		$16,601
The Pas casino:		
Northern Manitoba Trappers Festival		$18,544
Selkirk casino:		
Kinsmen Club of Selkirk	$6,538	
Kiwanis Club of Selkirk	6,538	
Lions Club of Selkirk	6,538	
Selkirk Community Arts Center	6,539	$26,153

Notes to the Financial Statements (Cont'd)

for the year ended March 31, 1985

11. Special Casino Levy

The grants paid to the Manitoba Heritage Federation result from a special levy assessed on four casinos. Last year this special levy was disclosed as a separate liability. This liability has been reclassified into the casino fund account for the current and future years.

12. Commitments and Contingent Liability

(a) The following contractual liabilities exist as at March 31, 1985:

Operating lease commitments for facilities, halls and equipment amount to $412,625.

The minimum rental payments on these leases for subsequent fiscal years are:

March 31, 1986	301,630
March 31, 1987	109,904
March 31, 1988	1,901
	$412,625

Contractual commitments relating to the construction and furnishing of the building at 830 Empress Street amounted to approximately $561,000.

(b) The following contingent liability exists as at March 31, 1985:

An action, naming the Foundation, the Government of the Province of Manitoba and the Minister Responsible for the Foundation, claims compensation for damages in an unspecified amount, in respect to losses arising from the Government's decision to operate, manage and control certain specified bingo halls in the Province of Manitoba.

A second suit of identical nature, as the above suit, has been brought against the Foundation and the Government of Manitoba.

No provision has been made in the accounts of the Foundation in respect to either claim as at March 31, 1985.

13. Comparative Figures

The 1984 figures have been reclassified to conform to the 1985 financial statement presentation.